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SEE, CAROL A				
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

**Office Action Summary****Application No.**

10/703,978

**Applicant(s)**

SAVASOGLU ET AL.

**Examiner**

Carol See

**Art Unit**

3696

**Period for Reply** -- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 20 March 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 36-61 is/are pending in the application.
- 4a) Of the above claim(s) 36 and 50 is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 37-45, 48-49, 51-59 and 61 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SF/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

## **DETAILED ACTION**

### ***Continued Examination Under 37 CFR 1.114***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 3/20/2009 has been entered.

### ***Response to Amendment***

2. In response to Applicant's filing of Arguments/Remarks (dated 3/20/2009), Examiner acknowledges Applicant's amendment of claims 37, 40, 48, 49, 51, 54 and 61; and cancellation of claims 36 and 50. (Previous amendments/cancellation/additions are as follows, most recent first):

- 5/23/2008 submission in response to election restriction of Applicant's 1/16/2008 submission – amended claims 36, 48-50; cancelled claim 60 and added claim 61.
- 1/16/2008 submission in response to office action (9/18/2007) – amended claims 36-37, 43-45; canceled claims 1-35 and 46-47; added claims 48-60
- 11/7/2003: claims 1-47 submitted

3. Re claim 61, applicant's amendment renders moot the previous rejection under 35 USC 112; however, an additional rejection is presented below.

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4. Claims 37-45, 48-49, 51-59 and 61 are currently pending in this action.

***Response to Arguments***

5. Applicant's arguments filed 3/20/2009 have been fully considered. Upon review of Applicant's submitted affidavit, the Examiner finds persuasive Applicant's arguments regarding reduction to practice. Accordingly, the previous rejections based on Jones references (U.S. 2004/0133494 and U.S. 2005/0033674) are hereby withdrawn, as not predating Applicant's reduction to practice of the claimed invention. Applicant's additional arguments (pgs. 8-12) have been considered but are moot in view of the new ground(s) of rejection.

6. Examiner notes the following discussion of Official Notice taken from the MPEP:

To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also *Chevenard*, 139 F.2d at 713, 60 USPQ at 241 ("[I]n the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention."). A general allegation that the claims define a patentable invention without any reference to the examiner's assertion of official notice would be inadequate. If applicant adequately traverses the examiner's assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained. See 37 CFR 1.104(c)(2). See also *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 ("[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2). If applicant does not traverse the examiner's assertion of official notice or applicant's traverse is not adequate, the examiner should clearly indicate in the next Office action that the common knowledge or well-known in the art statement is taken to be admitted prior art because applicant either failed to traverse the examiner's assertion of official notice or that the traverse was inadequate. If the traverse was inadequate, the examiner should include an explanation as to why it was inadequate. (MPEP § 2144.03(C))

Applicant's silence to Examiner's taking of official notice (in non-final office action dated 9/18/2007) is the same as Applicant not "specifically pointing out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art." For these reasons, the following are taken to be admitted prior art:

- that a remarketing places financial instruments in the hands of buyers, hence the instruments remain outstanding (claims 48, 49).
- that financial instruments can be repackaged and sold as other forms of securities (e.g., claim 43, 44, 57, 58).

The taking of official notice regarding accounting for tax implications with regard to securities is hereby withdrawn.

### ***Claim Objections***

7. Claims 38, 39, 45, 52, 53 and 59 are objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form.

Claim 37 from which claim 38 depends further narrows the calculating step of independent claim 48; however claims 38 and 39 fail to further narrow the scope of claim 37, from which they depend, as the claims fail to present any additional steps or to further explain the previously cited method steps.

Claim 51 from which claim 52 depends further narrows the calculating step of independent claim 49; however claims 52 and 53 fail to further narrow the scope of claim 51, from which they depend, as the claims fail to present any additional steps or to further explain the previously cited method steps.

Re claims 45 and 59: the recitation of what a determination whether to remarket is based on fails to further narrow the scope of the recited method steps of issuing, remarketing and calculating recited in independent claims 48 and 49, from which claims 45 and 59 depend, respectively.

### ***Claim Rejections - 35 USC § 101***

8. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

9. Claims 48 and 49 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claims 37-45 and claims 51-59 and 61 are rejected as depending from claims 48 and 49, respectively.

Based on Supreme Court precedent (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) and recent Federal Circuit decisions, §101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing (the Supreme Court recognized that this test is not necessarily fixed or permanent and may evolve with technological advances. *Gottschalk*

v. Benson, 409 U.S. 63, 71 (1972)). If neither of these requirements is met by the claim(s), the method is not a patent eligible process under 35 U.S.C. §101.

In this particular case regarding the first test, in performing the steps of the claimed subject matter, the only requirement that a machine be used is for calculating a payment. In claim 48, the issuing and remarketing steps are not considered sufficiently tied to a machine, as they can be performed by human intelligence. A similar argument follows for the issuing step of claim 49. Accordingly, claims 48 and 49 are rejected as directed to non-statutory subject matter. Claims 37-45 and claims 51-59 and 61 are rejected as depending from claims 48 and 49, respectively.

***Claim Rejections - 35 USC § 112***

10. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

11. Claims 37-42 and 61 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Re claim 37: the recitation “the forward prices” lacks sufficient antecedent basis in the claim. What is meant by forward price and expected value of the contingent payments – an explanation or definition is not present in the claim or specification. Further, the language is not clear regarding a calculation “based on...” What does this mean and how is this calculation “based on” ... accomplished?

Re claim 38: the language is not clear regarding a comparable yield determined by referencing..." What does this mean and how is this accomplished?

Re claim 39: what is meant by "noncontingent payment?" This lacks antecedent basis in the claims and is not further explained in the specification or in the claim.

Re claim 40: it is unclear as to what Applicant is referring by the recitation "making adjustments." What is meant by "adjustment?" Making adjustment to what? Further, the language "based on" renders the claim vague. Further, there is no antecedent basis for "actual contingent payments," so how is a comparison between actual and calculated projected payments to be made?

Re claims 41 and 42: what is meant by "positive adjustment" and "negative adjustment." What is being adjusted? The language is unclear.

Re claim 61: it is unclear what the recitation "above a conversion price upon conversion" is intended to modify.

### ***Claim Rejections - 35 USC § 103***

12. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

13. Claims 48 and 49 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones et al. (U.S. 2004/0177016)(hereinafter referred to as Jones 016) in view of Farr (U.S. 7,257,555). Upon review, examiner has determined that the invention



disclosed in Jones 016 is supported by the provisional application (Application No. 60/414, 735 filed on September 30, 2002) to which Jones 016 claims priority. Accordingly, the disclosure of Jones 016 antedates applicant's claimed invention. Upon review, examiner has determined that the invention disclosed in Farr is supported by the provisional application (Application No. 60/458,419 filed on March 31/2003) to which Farr claims priority. Accordingly, the disclosure of Farr antedates applicant's claimed invention.

Re claim 48, Jones 016 shows a financial method comprising the steps of:  
issuing a convertible security by an issuer to a holder (§§0112), wherein the convertible security comprises:

- a maturity term (§§0195);
- a conversion provision providing that the holder is entitled to exchange the convertible security for another asset under certain conditions (§§0198);
- a contingent payment provision that provides that the holder is entitled to a contingent payment upon the occurrence of one or more specified conditions (§§0197);

and

wherein the convertible security does not have any put provisions (§§ 0193-4, 0200).

calculating projected contingent payments with a computer system, wherein the computer system comprises one or more data storage media, and wherein the computer system communicates electronic data over a computer network (paras. 0058, 0064, 0073-0074, 0194, 0197, 0284).

Jones 016 further shows, if at termination, the amount paid to retire a contingent convertible is less than the tax basis, then the excess amount is recognized as a taxable gain, subject to recapture (para. 0220). However, Jones 016 does not specifically show wherein the convertible security comprises a remarketing provision that provides that the convertible security may be remarketed to new investors under certain conditions and remarketing, at a remarketing time, the convertible security to one or more new investors, wherein after the remarketing time, the convertible security remains outstanding and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding.

Farr teaches a remarketing provision that provides that the convertible security may be remarketed to new investors under certain conditions and remarketing, at a remarketing time, the convertible security to one or more new investors; wherein after the remarketing time, the convertible security remains outstanding (col. 2, lines 25-33, 58-67; col. 3, line 59 to col. 4, line 9, col. 5, lines 22-25) and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding. Jones and Farr are directed to structured financial products that are issued and sold by business entities to investors for capital-raising activities, although Jones, as presented above, does not specifically show the remarketing component and actual remarketing as expressed above. However, the art in Jones is equally applicable to a remarketed security in that the security remains outstanding up to maturity at which time a determination of potential taxable gain is made. Therefore, the Examiner submits that it would have been obvious to one of ordinary skill in the art at the time of Applicant's

invention to have modified the issued security disclosed in Jones 016 to incorporate a remarketing component and remarketing action as taught by Farr in order to enable business entities to design and create structured financial products to meet the specific capital-raising needs of such entities (Farr, col. 1, lines 23-30).

Although the cited references address the claim language, the recitations "wherein the convertible security comprises: a maturity term; a conversion provision providing that the holder is entitled to exchange the convertible security for another asset under certain conditions; a contingent payment provision that provides that the holder is entitled to a contingent payment upon the occurrence of one or more specified conditions; and a remarketing provision that provides that the convertible security may be remarketed to new investors under certain conditions" and "wherein the convertible security does not have any put provisions" constitute nonfunctional descriptive material. The specific structure of the security does not serve to functionally alter the performance of the claimed method step of issuing the security. The recited method step would be performed the same regardless of the specific structure of the security. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, *see In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); *MPEP* §2106.

The limitations of claim 49 closely parallel the limitations of claim 48 as set forth above, except for the actual remarketing of the security; therefore, claim 49 is rejected under the same rationale.

14. Claims 37-42 and 51-56 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 in view of Farr and further in view of Blanchard (IRS Revenue Ruling 2002-31).

As to claim 37, Jones 016 in view of Farr shows the method of claim 48.

Jones 016 in view of Farr does not expressly show wherein the projected contingent payments are calculated based on the forward prices and expected value of the contingent payments.

Blanchard teaches wherein the projected contingent payments are calculated based on forward prices and expected value of the projected contingent payments (pg. 2-4).

It would have been obvious to one of ordinary skill in the art to have modified the method of issuing a remarketable security disclosed by Jones 016 in view of Farr to include the manner of calculating projected contingent payments to holders of the security as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

As to claim 38, Jones 016 in view of Farr and further in view of Blanchard shows the method of claim 37. Blanchard further shows wherein a comparable yield is determined by referencing a yield of a fixed-rate nonconvertible debt instrument with terms and conditions similar to terms and conditions of the convertible security (pg. 2-4). It would have been obvious to one of ordinary skill in the art to have modified the

method of issuing a remarketable security disclosed by Jones 016 in view of Farr to include the manner of constructing the investment instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Although the cited references address the claim language, Examiner notes, that as written, the recitation "wherein a comparable yield is determined by referencing a yield of a fixed-rate nonconvertible debt instrument with terms and conditions similar to terms and conditions of the convertible security" constitutes nonfunctional descriptive material and is not afforded patentable weight. Description of a comparable yield determination does not serve to functionally alter the performance of the previously recited method steps of issuing, remarketing and calculating. Thus, this nonfunctional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F. 2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F. 3d 1579, 32 USPQ 2d 1031 (Fed. Cir. 1994). (Also see *Ex parte William E. Mahoney and Ed J. Dewey*, Appeal No. 2004-2093, Bd. Pat. App. & Int. 2004).

As to claim 39, Jones 016 in view of Farr and further in view of Blanchard shows the method of claim 37. Blanchard further shows wherein a projected payment schedule includes each noncontingent payment and the projected contingent payments (pg. 2-4). It would have been obvious to one of ordinary skill in the art to have modified

the method of issuing a remarketable security disclosed by Jones 016 in view of Farr to include the manner of constructing the investment instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Although the cited references address the claim language, Examiner notes, that as written, the recitation "wherein a projected payment schedule includes each noncontingent payment and the projected contingent payments" constitutes nonfunctional descriptive material and is not afforded patentable weight. Description of what a projected payment includes does not serve to functionally alter the performance of the previously recited method steps of issuing, remarketing and calculating. Thus, this nonfunctional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F. 2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F. 3d 1579, 32 USPQ 2d 1031 (Fed. Cir. 1994). (Also see *Ex parte William E. Mahoney and Ed J. Dewey*, Appeal No. 2004-2093, Bd. Pat. App. & Int. 2004).

As to claim 40, Jones 016 in view of Farr shows the method of claim 48.

Jones 016 in view of Farr does not specifically show making adjustments based on a comparison of projected contingent payments to actual contingent payments.

Blanchard shows making adjustments based on a comparison of projected contingent payments to actual contingent payments (pg. 2-5). It would have been

obvious to one of ordinary skill in the art to have modified the method of issuing a remarkable security disclosed by Jones 016 in view of Farr to include the manner of constructing and adjusting the investment instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

As to claim 41, Jones 016 in view of Farr and further in view of Blanchard shows the method of claim 40. Blanchard further shows wherein if the actual contingent payments are greater than the projected contingent payments, a positive adjustment is made (pg. 2-4). It would have been obvious to one of ordinary skill in the art to have modified the method of issuing a remarkable security disclosed by Jones 016 in view of Farr to include the manner of constructing and adjusting the investment instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Although the cited references address the claim language, Examiner notes, that as written, the recitation "wherein if the actual contingent payments are greater than the projected contingent payments, a positive adjustment is made" constitutes nonfunctional descriptive material and is not afforded patentable weight. Description of what a projected payment includes does not serve to functionally alter the performance of the

previously recited method steps of issuing and calculating. Thus, this nonfunctional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F. 2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F. 3d 1579, 32 USPQ 2d 1031 (Fed. Cir. 1994). (Also see *Ex parte William E. Mahoney and Ed J. Dewey*, Appeal No. 2004-2093, Bd. Pat. App. & Int. 2004).

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. See MPEP 2106.

As such, although the cited reference addresses the conditional wherein clause, the recitation "if the actual contingent payments are greater than the projected contingent payments, a positive adjustment is made" is optional language in that an adjustment may never occur. As such, this recitation does not serve to limit the claim; however, for examining purposes, the conditional language is assumed to have occurred.

As to claim 42, Jones 016 in view of Farr and further in view of Blanchard shows the method of claim 40. Blanchard further shows wherein if the actual contingent payments are less than the projected contingent payments, a negative adjustment is made (pg. 2-4). It would have been obvious to one of ordinary skill in the art to have



modified the method of issuing a remarketable security disclosed by Jones 016 in view of Farr to include the manner of constructing and adjusting the investment instrument as taught by Blanchard since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Although the cited references address the claim language, Examiner notes, that as written, the recitation "wherein if the actual contingent payments are greater than the projected contingent payments, a positive adjustment is made" constitutes nonfunctional descriptive material and is not afforded patentable weight. Description of what a projected payment includes does not serve to functionally alter the performance of the previously recited method steps of issuing and calculating. Thus, this nonfunctional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F. 2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F. 3d 1579, 32 USPQ 2d 1031 (Fed. Cir. 1994). (Also see *Ex parte William E. Mahoney and Ed J. Dewey*, Appeal No. 2004-2093, Bd. Pat. App. & Int. 2004).

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does

not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. See MPEP 2106.

As such, although the cited reference addresses the conditional wherein clause, the recitation "if the actual contingent payments are less than the projected contingent payments, a negative adjustment is made" is optional language in that an adjustment may never occur. As such, this recitation does not serve to limit the claim; however, for examining purposes, the conditional language is assumed to have occurred.

The limitations of claims 51-56 parallel the limitations of claims 37-42, respectively, as set forth above, except for the actual remarketing of the security; therefore, claims 51-56 are rejected under the same rationale.

15. Claims 43, 44, 57 and 58 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 in view of Farr and further in view of admitted prior art.

As to claims 43 and 44, Jones 016 in view of Farr shows the method of claim 48. Jones 016 in view of Farr does not expressly show wherein the convertible security is remarketed as a new straight debt security or as a new convertible security. Applicant has admitted as prior art that that financial instruments can be repackaged and sold as other forms of securities. It would have been obvious to one of ordinary skill in the art to have further modified the invention disclosed by Jones 016 in view of Farr by the well-known practice of re-packaging securities in order to provide flexibility in financing structure for business entities.

The limitations of claims 57 and 58 closely parallel the limitations of claims 43 and 44, respectively, as set forth above, except for the actual remarketing of the security; therefore, claims 57 and 58 are rejected under the same rationale.

16. Claims 45 and 59 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 in view of Farr and further in view of Faerber (All About Bonds and Bond Mutual Funds, 2000).

As to claim 45, Jones 016 in view of Farr shows the method of claim 48. Farr further shows remarketing of convertible financial instruments (col. 2, lines 25-33, 58-67; col. 3, line 59 to col. 4, line 9, col. 5, lines 22-25).

Jones 016 in view of Farr does not expressly show wherein a determination of whether to remarket is made based on a comparison of a price for a stock underlying the convertible security and a conversion price which specifies a dollar amount at which the convertible security can be converted into common stock of the issuer at a remarketing time.

Faerber teaches wherein a determination of whether to remarket is made based on a comparison of a price for a stock underlying the convertible security and a conversion price which specifies a dollar amount at which the convertible security can be converted into common stock of the issuer at a remarketing time. Faerber teaches a call feature, indicating that the issuer of an instrument has an option to redeem an instrument for a specified price before maturity (pg. 28). The decision would normally be made if it benefits the issuer, by for example, allowing a reissue of an instrument at a lower interest rate (pgs. 28, 226), thereby saving the issuer money. This can be

analogized to a decision to remarket a convertible instrument. Faerber shows, regarding conversion, when underlying stock price rises above a conversion price, holders stand to profit by converting to stock - this is the comparison of the stock price and conversion price, which indicates how many shares of stock a holder will receive (pg. 225). If stock price never rises above the conversion price, there will be no conversion, and the instrument may be called and subsequently remarketed (pg. 226).

Although the cited references address the claim language, Examiner notes, that as written, the recitation "wherein a determination of whether to remarket is made based on a comparison of a price for a stock underlying the convertible security and a conversion price which specifies a dollar amount at which the convertible security can be converted into common stock of the issuer at a remarketing time" constitutes nonfunctional descriptive material and is not afforded patentable weight. The recitation of what a determination whether to remarket is based on does not serve to functionally alter the performance of the previously recited method steps of issuing, remarketing and calculating. Thus, this nonfunctional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F. 2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F. 3d 1579, 32 USPQ 2d 1031 (Fed. Cir. 1994). (Also see *Ex parte William E. Mahoney and Ed J. Dewey*, Appeal No. 2004-2093, Bd. Pat. App. & Int. 2004).

The limitations of claim 59 closely parallel the limitations of claim 45 as set forth above, except for a remarketing step; therefore, claim 59 is rejected under the same rationale.

17. Claim 61 is rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 in view of Farr and further in view of Birle, Jr., et al (U.S. 2003/0130941)(hereinafter Birle).

As to claim 61, Jones 016 in view of Farr shows the method of claim 49.

Jones 016 in view of Farr does not expressly show wherein the convertible security further comprises a warrant provision that provides investors with an option to purchase an additional number of shares in exchange for the convertible security above a conversion price upon conversion.

Birle teaches that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Birle further teaches a convertible security may comprise a warrant (§§ 0076-0078), which may be structured as the issuer desires to meet its financial requirements (e.g., with an option to purchase an additional number of shares in exchange for the convertible security above a conversion price upon conversion).

It would have been obvious to one of ordinary skill in the art to have modified the method of issuing a remarketable security disclosed by Jones 016 in view of Farr to further include additional provisions to the security, as a matter of design choice, as taught by Birle since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it

did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Although the cited references address the claim language, Examiner notes, that as written, the recitation "wherein the convertible security further comprises a warrant provision that provides investors with an option to purchase an additional number of shares above a conversion price at a conversion rate upon conversion" constitutes nonfunctional descriptive material and is not afforded patentable weight. Description of the structure of a convertible security does not serve to functionally alter the performance of the previously recited method steps of issuing a convertible security and calculating projected contingent payments as recited in independent claim 49, from which claim 61 depends. Thus, this nonfunctional descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F. 2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F. 3d 1579, 32 USPQ 2d 1031 (Fed. Cir. 1994). (Also see Ex parte William E. Mahoney and Ed J. Dewey, Appeal No. 2004-2093, Bd. Pat. App. & Int. 2004).

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Carol See whose telephone number is (571)272-9742. The examiner can normally be reached on Monday - Thursday 6:45 am - 5:15 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Thomas Dixon, can be reached on (571) 272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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